Message Text

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INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00 EPG-02 SP-02 STR-04 TRSE-00 LAB-04 SIL-01 OMB-01 EURE-00 SSO-00 INRE-00 AGRE-00 L-03 /066 W

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O 211743Z JUN 77

FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC IMMEDIATE 0414
USMISSION GENEVA IMMEDIATE
AMEMBASSY PARIS IMMEDIATE
AMEMBASSY LUXEMBOURG IMMEDIATE
INFO ALL EC CAPITALS

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USEEC

EB FOR ASSISTANT SECRETARY KATZ, COMMERCE FOR ASSISTANT SECRETARY WEIL AND STR FOR AMBASSADOR STRAUSS LUXEMBOURG FOR PETER REAMS PARIS ALSO FOR OECD

E.O.11652:N/A

TAGS: ETRD, EEC, FR

SUBJECT: TEXTILES: FRENCH SAFEGUARD ACTION AND MFA MANDATE

REFS: (A) PARIS 18049; (B) GENEVA 4991; (C) BRUSSELS 6281

1. SEVERAL CONVERSATIONS WITH COMMISSION OFFICIALS ON JUNE 20 AND 21 CONFIRM THAT COMMISSION WAS CAUGHT BY SURPRISE BY FRENCH ANNOUNCEMENT JUNE 18 THAT IT WOULD PLACE IMPORTS FOR TEXTILE ITEMS UNDER QUOTAS IN ACCORDANCE WITH ARTICLE XIX OF THE GATT. COMMISSION LIMITED OFFICIAL USE

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OFFICIALS HAVE BEEN CONSULTING WITH FRENCH SINCE THEN; A FURTHER SESSION WITH OTHER MEMBER STATES PARTICIPATING WAS TO BEGIN AT 4:00 P.M. BRUSSELS TIME JUNE 21.

2. COMMISSION OPINION AT THIS POINT SEEMS TO BE THAT FRENCH ACTION SHOULD BE SEEN AS A POLITICAL GESTURE DESIGNED TO APPEASE DOMESTIC TEXTILE MANUFACTURERS.

FURTHER TO THAT, INITIAL COMMISSION ANALYSIS IS THAT TRADE IMPACT OF ANNOUNCED QUOTAS WOULD BE NEGLIGIBLE IF, AS COMMISSION ASSUMES, QUOTAS WOULD NOT BE APPLIED EITHER TO ASSOCIATED COUNTRIES OR THOSE LDCS WHO HAVE NEGOTIATED BILATERAL AGREEMENTSWITH THE EC UNDER THE MFA.

- 3. AS REPORTED REF C, EC COUNCIL HAD BEEN EXPECTED TO APPROVE A MANDATE FOR RENEWAL OF THE MFA ON JUNE 21 WITHOUT DISCUSSION. ALTHOUGH IT REMAINS POSSIBLE THAT THIS TIMETABLE WILL BE UPSET, COMMISSION OFFICIALS DO NOT THINK THIS WILL BE THE CASE. THEY BELIEVE THAT FRENCH GOVERNMENT WILL GO ALONG WITH MANDATE APPROVAL IN LUXEMBOURG COUNCIL AS ANTICIPATED.
- 4. MOST COMMISSION OFFICIALS BELIEVE THAT FRENCH ACTION IN INVOKING ARTICLE XIX IS AT BEST OF QUESTIONABLE LEGALITY UNDER THE TREATY OF ROME. NEVERTHELESS, PREVALENT THINKING IS TO FIND A WAY TO CLOAK THE FRENCH ACTION UNDER A COMMUNITY MANTLE IF THIS IS THE PRICE THAT MUST BE PAID TO GET FRENCH APPROVAL OF AN EC MANDATE FOR THE MFA.
- 5. TRAN VAN THINH, EC SPECIAL REPRESENTATIVE FOR TEXTILE NEGOTIATIONS, IS ANXIOUS TO MEET WITH MIKE SMITH AND US TEXTILE TEAM IN GENEVA ON JUNE 22 TO DISCUSS LIMITED OFFICIAL USE

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FRENCH DEVELOPMENTS AND EC POSITION ON MFA RENEWAL. 6. WE HAVE JUST LEARNED THAT COUNCIL DID APPROVE MFA MANDATE ON JUNE 21. HINTON

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